PRESS RELEASE

DBSA and the Zambian RDFA sign a historic road development loan of USD 262 million to support economic development and regional integration

South Africa’s leading development bank to co-finance upgrading of five major roads in Zambia, including components of the Trans African Highways in support of regional economic integration

Johannesburg 26 January 2011 — The Development Bank of Southern Africa (DBSA), South Africa’s premier development bank has concluded a historic loan agreement of USD 262 million with the Zambian Road Development Fund Agency (RDFA) for the rehabilitation of five priority roads, three of which form part of the Trans African Highways (TAH) route running from Cape Town to the DRC’s Katanga Province and onwards to Kinshasa.

Highlighting the strategic significance of the roads being developed through the DBSA loan, Dr Situmbeko Musokotwane, Minister of Finance and National Planning in Zambia explained that the roads to be rehabilitated link up parts of Western, North Western and Southern Zambia to the western side of the North South Corridor hence opening up economic trade routes with Angola, Botswana, DRC and Namibia. He added that by developing the road infrastructure in Zambia, areas of high economic potential normally out of reach will become accessible and attract potential investors in agriculture, mining, tourism as well as unlock new opportunities for industrial developments.

Zambia is a key transit country in the North South Corridor, as it sits in between and borders eight countries in the region. Last year, under a special agreement with COMESA, SADC, the EAC and the UK Government as a lead donor, the DBSA established a new infrastructure trust fund in excess of USD 100 million to give a big push to infrastructure development projects along the north south corridor.

Development corridors that cut across countries form an important part of the region’s spatial development initiative which will help open up the continent’s vast untapped economic potential, especially inland, and attract the much needed investment. Last year at the 2010 African Union Summit of Heads of State and Government in Kampala, Uganda, South African State President Jacob Zuma took on responsibility as a Presidential Champion of African Infrastructure, and is giving Pan-African rail and road infrastructure a much needed push, with a strong focus on the North South Corridor in particular – which spans the length of the transport route from Durban to Mombasa in east Africa.

Under the guidance of South African Minister of Finance Pravin Gordhan, also Governor of the DBSA, the Bank is growing into a centre of excellence that will dramatically increase its infrastructure financing and investment in the years to come. In 2011, DBSA expects its annual international investment approvals in Africa to pass the 1 billion USD mark, up from some 300 million USD a few years ago. The Bank expects over two thirds of its international development financing this year to be in the area of transport infrastructure, some in the fragile reconstruction country of Zimbabwe.

Commenting at the World Economic Forum in Davos, Jabu Moleketi, Chairman of the DBSA Board of Directors said the Bank’s financial support to this important road programme in Zambia is a further expression of South Africa’s resolve to advance the region’s infrastructure development agenda, especially transport infrastructure along this important development corridor.
Under Paul Baloyi, DBSA’s CEO & Managing Director, the Bank has grown its overall development funding, both in South Africa and the wider region, by a steep 300% in the past 5 years. In October 2010, in Washington DC, the DBSA was again voted the Best Development Bank in Africa during the events at the World Bank/IMF annual general meeting. In the annual financial year ending March 2011, the Bank will approve a record level of new financing for infrastructure and economic development projects across the region, well in excess of 3 billion USD, more than double the levels of the previous year.

In signing the historic agreement on behalf of the DBSA, Admassu Tadesse, DBSA’s Group Executive responsible for the Bank’s financing and investments in Africa pointed out: This historic loan is the single biggest loan by the DBSA outside of South Africa, and will go a long way in supporting the expanded efforts to improve freight flows and transport movement between those four countries and the SADC-EAC-COMESA region in general”.

Last year, DBSA funded the award-winning Kasumalesa Border Post between the DRC and Zambia, in a unique public-private partnership, which is proving to be a model cross-border post, dramatically reducing the very costly delays of overland freight traffic on this border crossing.

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